

# Daily Brief

Market View, News in Brief: Corporate, Economy, and Share Buybacks

Chartist: Stephen Soo

Tel: +603-2167 9607

stsoo@ta.com.my

www.taonline.com.my

## Market View *Selling on Strength to Stall Further Gains*

Bursa Malaysia shares rose on Wednesday, as buying interest in selected blue-chip heavyweights lifted the index above the 1,800-point mark, ignoring the weaker regional front as U.S. and China ramped up a bitter dispute that some fear could derail global growth. The KLCI climbed another 11.34 points up to close at the day's high of 1,804.73, off an early low of 1,796.11, as gainers led losers 590 to 322 on stronger turnover of 2.77bn shares worth RM2.70bn.

### **Resistance now at 1,811/1,824; Supports at 1,780/1,740**

Given the highly overbought position on the index, blue chips should slip into profit-taking correction mode, as the recent sharp rise on the index would also encourage profit-taking and selling. Immediate resistance for the index is revised higher to 1,811, the upper Bollinger band and 1,824, the 38.2%FR level, followed by stronger hurdle at 1,851, the 23.6%FR level. Immediate supports remain at the rising 10-day moving average now at 1,780, next at 1,740, and stronger supports at 1,729/1,720 and 1,708/1,700.

### **Sell on Strength Maxis & TM**

Further rise on Maxis shares should meet profit-taking resistance towards the upper Bollinger band (RM5.81), while good supports levels are found at the 50-day ma (RM5.58) and lower Bollinger band (RM5.40). Likewise, further gains on TM shares will be attractive to take profits, especially towards the 10-day ma (RM3.84), while key chart supports are at 30-day ma (RM3.64) and lower Bollinger band (RM3.55).

### **Asian Markets Pared Gain on Trade Worries**

Asian equities pared gains on Wednesday as investors continued to fret about the next step in the trade tussle between the U.S. and China. Trade tensions remain in focus as the U.S. said it will begin imposing 25 percent duties on an additional USD16 billion in Chinese imports in two weeks. It will be the second time the U.S. slaps duties on Chinese goods in about the past month, despite complaints by American companies that such moves will raise business costs and eventually consumer prices. Japan's Nikkei edged lower on Wednesday as the market braced for the start of U.S.-Japan trade talks, offsetting gains in companies which posted strong results such as Nikon and Daikin. The Nikkei share average ended 0.1 percent lower at 22,644.31 points. Mainland Chinese shares also pulled back, with losses steepening in afternoon trade, after bouncing in the last session. The Shanghai Composite fell 1.23 percent to close at 2,745.11. South Korean stocks also traded higher, with the Kospi inching higher by 0.06 percent to 2,301.45. In Australia, the S&P/ASX 200 tacked on 0.23 percent to close at 6,268.50.

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**Dow Halt Rally as Energy Sector and Trade Fears Weigh**

U.S. stock-market indexes closed mostly lower on Wednesday as falling crude prices and trade jitters held markets in check. Equities swung between gains and losses throughout a light trading session, with energy producers leading declines after crude sank more than 3 percent. Markets initially opened lower after Washington and Beijing announced dates for fresh levies on billions in goods. The Chinese Ministry of Commerce announced a 25 percent charge on USD16 billion worth of U.S. goods. The goods being targeted by China include vehicles such as large passenger cars and motorcycles. Various fuels are on the list, as well as fiber optical cables. China's announcement comes after the U.S. Trade Representative's office released a finalized list of USD16 billion worth in Chinese goods that will be hit with tariffs.

Shares of energy companies were among the worst performers in the S&P 500, with the sector losing 0.8 percent as oil prices tumbled. U.S. crude for September delivery settled down 3.2 percent, at USD66.94 a barrel after data showed total U.S. stockpiles of oil and fuel hit a seven-month high, suggesting supply was outpacing demand. However, the Nasdaq posted its seventh consecutive daily advance, as Facebook and Amazon led the index higher, rising 0.8 percent and 1.3 percent, respectively. On earning front, shares of Walt Disney fell 2.2 percent, after the media company reported adjusted earnings and revenue that missed estimates amid a ramp-up in spending.

The Dow Jones Industrial Average fell 45.16 points, or 0.18 percent, to 25,583.75, the S&P 500 lost 0.75 point, or 0.03 percent, to 2,857.7 and the Nasdaq Composite added 4.66 points, or 0.06 percent, to 7,888.33.

## News In Brief *Corporate*

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**AirAsia Group Bhd** has completed the transfer of 9 more aircraft which gave rise to gross proceeds of USD146.6mn, as part of its divestment plan for the aircraft-leasing unit that is currently managed by wholly-owned subsidiary Asia Aviation Capital Ltd. (*Bursa Malaysia/The Edge*)

**RHB Bank Bhd** is exploring options for its main office building in Singapore, including a potential sale that could fetch about SGD200mn (RM596.9mn). (*The Edge*)

**Perak Corporation Bhd** announced that its indirect 51%-owned subsidiary, Animation Theme Park Sdn Bhd, has officially discontinued the Licence Agreement entered into with DreamWorks Animation L.L.C. for the establishment and operation of DreamWorks' attractions within the Movie Animation Park Studios in Ipoh, Perak effective Aug 1, 2018. (*Bursa Malaysia/Bernama*)

**Zecon Bhd** has received the notice of termination from Public Works Department for the construction of Petra Jaya Hospital in Sarawak. The group plans to seek legal redress as it believes the termination is wrongful. (*Bursa Malaysia/Bernama*)

**Axis Real Estate Investment Trust** is acquiring an office and warehouse factory in Senawang Industrial Park, Seremban for RM18.5mn cash from Gandour (Malaysia) Sdn Bhd. The proposed acquisition is expected to be completed by the end of 2018. (*Bursa Malaysia/The Sun*)

A plan by **IJM Corporation Bhd** for a RMI.2bn development project in Penang's Seberang Perai Tengah has fallen through following the termination of a conditional share sale agreement to acquire Giant Hectares Sdn Bhd. (*Bursa Malaysia/The Edge*)

**Malaysia Airports Holdings Bhd** is working with a top international consulting and advisory firm to explore the possibility of purchasing a minority stake in GVK Airports Holdings, which runs the existing Mumbai international airport. (*The Sun*)

**Kumpulan Perangsang Selangor Bhd** is suing Leo Hospitality Sdn Bhd, a hotel operator, for RM8.4mn over breach of a lease agreement. (*Bursa Malaysia*)

**Kelington Group Bhd** has recently bagged several new contracts worth total of RM55mn in Singapore and Malaysia. The contracts involves installation, commissioning and maintenance works for an exhaust duct system and equipment supply and civil engineering works for an expansion of a bulk liquid storage terminal. (*New Straits Times*)

**Perisai Petroleum Teknologi Bhd** has received a 9-month extension from the Kuala Lumpur High Court to restrain all proceedings and actions brought against them. The group said the restraining order is to facilitate its plan to regularise its financial condition through a proposed scheme of arrangement. (*Bursa Malaysia/The Edge*)

**Media Prima Bhd** has inked partnership with 3 local animation companies to develop new animation projects. The 3 companies are Blindspots Studios, 'Alif & Sofia' Giggle Garage, and Fridgies and The R&D Studio, mainly for animated series of learning and comedy animations. (*The Sun*)

**Gas Malaysia Bhd** reported a 42.4% YoY jump in its net profit for 2QFY18, to RM48.1mn from RM33.8mn in the year-ago quarter, thanks to a higher volume of natural gas sold and higher natural gas tariff. Meanwhile, quarterly revenue was up 17.3% YoY to RM1.5bn from RM1.3bn previously. For 1HFY18, the group reported a 33.4% YoY rise in net profit to RM88.3mn from RM66.2mn a year ago, while revenue was up 19.1% YoY to RM2.9bn from RM2.5bn. It declared a first interim dividend of 4.5sen/share. *(Bursa Malaysia/The Edge)*

**ECS ICT Bhd** announced a 14.7% YoY decline in net profit to RM4.3mn in its 2QFY18, from RM5.0mn previously, as revenue fell 19.2% YoY to RM358.2mn from RM443.5mn. The group attributed the lower sales and earnings to cautious consumer spending prior to the 14th general election. For 1HFY18, the group's net profit retreated 12.0% YoY to RM8.7mn from RM9.8mn registered earlier, as cumulative revenue slumped 16.7% YoY to RM750.0mn from RM900.3mn. *(Bursa Malaysia/The Edge)*

**MRCB-Quill REIT's** net profit for 2QFY18 surged 6.5% YoY to RM23.5mn from RM22.0mn a year ago underpinned by lower property expenses and total expenditure incurred. Meanwhile, quarterly revenue rose marginally by 0.2% YoY to RM43.7mn compared with RM43.6mn a year ago. For 1HFY18, the group's net profit fell 1.6% YoY to RM44.5mn from RM45.2mn a year ago, while revenue dropped 2.4% YoY to RM88.0mn compared with RM90.2mn. It declared a distribution per unit of 4.23sen. *(Bursa Malaysia/The Sun)*

**DKSH Holdings Bhd's** net profit fell 14.1% YoY to RM14.1mn in 2QFY18, from RM16.4mn a year ago despite quarterly revenue grew 3.5% YoY to RM1.44bn from RM1.39bn. This was mainly due to rising operating expenditure which offset the growth in the group's quarterly revenue. For 1HFY18, the group's net profit dipped 5.8% YoY to RM24.9mn from RM26.4mn in 1HFY17 whereas the revenue growing 4.9% YoY to RM2.9bn from RM2.8bn. *(Bursa Malaysia/The Edge)*

## News In Brief *Economy*

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### *Malaysia* **DPM: EPF Scheme for Housewives Kicks Off Aug 15**

The first phase of the pension scheme for housewives will start next Thursday, and is targeted at only eligible recipients in the e-Kasih database, says the Deputy Prime Minister. The first phase of the Suri Incentive will enable members to save a minimum of RM5 monthly into their EPF account, upon which the Government will match a monthly contribution of RM40. The target group of phase one consists of married men (for their wives), single mothers, widows, divorced women, and single women registered in e-Kasih, a poverty programme for those in the Bottom 40 (B40) category. A total of 359,065 Malaysians under e-Kasih is eligible for phase one of the Suri Incentive, for which the Government has allocated RM20mil until the end of 2018.

However, because legislative changes need to be made to allow for the 2% to be transferred, Dr. Wan Azizah said this will be the third and final phase, which is expected to only begin in early 2020. Meanwhile, the second phase, which Dr. Wan Azizah said she hopes to launch early next year, will see the Government's contribution being raised to RM50. This means that besides the normal monthly RM40 contribution to EPF, an additional RM10 will go to the Social Security Organisation (Socso). (The Star)

### **New Economic Affairs Ministry Gets Bulk of Supply Bill's RM3bil Allocation**

A Supply Bill was tabled in Dewan Rakyat to redistribute RM3.06bil to several ministries and agencies, following some restructuring by the Pakatan Harapan Government. A total of RM3,065,113,896 from the Consolidated Fund would be distributed to 13 ministries, the treasury and treasury services. The newly formed Ministry of Economic Affairs will receive the bulk of allocation, totalling RM1.28bil. This is followed by Treasury Services (RM448mil), Home Ministry (RM225.8mil), Water, Land and Natural Resources Ministry (RM190.3mil), Education Ministry (181.8mil), Youth and Sports Ministry (RM163.7mil), Human Resources Ministry (RM111.2), and Energy, Science, Technology, Environment and Climate Change Ministry (RM101.8mil).

The move to redistribute allocation from the consolidated funds comes after the dissolution of several ministries and the creation of new ones by Pakatan when it took over the Federal Government after GE14. The Supply Bill was tabled for first reading by Finance Minister Lim Guan Eng and is scheduled to be passed during the present meeting, which ends on Aug 16. (The Star)

### **Finance Minister Says Only 43.5% of Services Subject to SST**

Only 43.5% of services will be subject to the Sales and Services Tax (SST) come Sept 1, compared with the 64.8% of services which were subjected to the Goods and Services Tax (GST). During the second reading of the proposed Service Tax Bill 2018 in Parliament, Finance Minister Lim Guan Eng said the model and scope of the proposed tax would be implemented based on the Service Tax Act 1975, which was repealed following the introduction of the GST in 2014. However, he noted that the existing model and scope needed to be improved in several areas to facilitate tax administration, reduce business operating costs and address weaknesses in the tax system.

The improvements include standardising the sales threshold for service tax registration purposes to RM500,000 annually for all taxable services. Meanwhile, as for services in restaurants throughout the nation, Lim said the government would be flexible and has proposed for the SST to be imposed on restaurants with an annual turnover of RM1 million. On improvements to the scope of the Service Tax, he said the variety of tax services contradicted the transparency principle and could become a loophole which could be manipulated for tax evasion purposes, in addition to complicating tax administration processes. As such, he proposed several improvements and for several types of taxable services to be standardised. (The Star)

### **Strict Fiscal Discipline Needed to Tackle Nation's Debt, Says Guan Eng**

Strict compliance with fiscal discipline as well as better debt management will continue to be given emphasis to tackle the federal debt of over RM1 trillion, said Finance Minister Lim Guan Eng. He said good debt management would be maintained to ensure the fiscal position and macroeconomy remained strong for managing any crisis. "Fiscal accountability will reassure investors and the capital market that the government still has flexibility in fiscal and monetary policies," he explained. He was responding to an oral question from Selayang Member of Parliament (MP) William Leong Jee Keen in the Dewan Rakyat regarding measures planned to tackle the nation's debt and liabilities. Lim said several measures were being implemented to ensure the Federal debt level was kept under control and sorted out.

Among others, the government is reviewing existing projects that are costly, whereby the total costs are being studied to avoid being charged excessively. Mega-infrastructure projects such as Kuala Lumpur-Singapore High-Speed Rail, Mass Rapid Transit and East Coast Rail Link were also being reviewed by analysing their cost structure, necessity and priorities to ensure the government's ability to fund them as well as service the loans taken, he said. (The Star)

### **Malaysia LNG Exports Hit 4-year Low on Pipeline Issues — Sources**

Malaysia's exports of liquefied natural gas (LNG) fell to a four-year low in July as domestic gas pipeline issues plaguing the country since January took their toll, according to industry sources and Thomson Reuters data. Natural gas supply from the Sabah Oil and Gas terminal to the Petronas LNG Complex in Bintulu was cut in January following a gas leak in the 500 kilometre pipeline which transports gas from Kimanis in Sabah to the Bintulu plant in Sarawak for processing. While the pipeline has been repaired, Petronas is still awaiting the necessary approval from authorities to resume operations at the pipeline, a source familiar with the matter told Reuters. Petronas did not comment on the pipeline issue but a spokeswoman said that there is no disruption to cargo deliveries from the Petronas LNG complex in Bintulu and that operations at the complex are being carried out as scheduled.

The Petronas LNG Complex, which has a capacity of 24 million tonnes per annum (mtpa), comprises three LNG plants owned and operated by Petronas and joint venture companies. It is supplied with gas from several facilities off Sarawak, according to the company website. Malaysia's LNG exports fell to about 1.5 million tonnes in July, the data showed - the lowest since July 2014 when it was about 1.43 million tonnes. Petronas has purchased replacement cargoes to meet some of its contractual obligations to term customers, one source said, which would reduce spot exports as a result. The drop in export volumes comes at a time when demand from Japan, the world's biggest importer of LNG, has been robust amid sweltering heat. (The Edge Market)

**Outlook on FDI in Malaysia is Positive, Says Asian Development Bank**

Foreign direct investments (FDI) into Malaysia are expected to increase over the next year despite a projected moderated economic growth and other external risks, said the Asian Development Bank (ADB). ADB's principal economist in the Southeast Asia Regional department Dr. Bernard Ng Thiam Hee said there is potential for FDI to increase despite the concerns because Malaysia remains very competitive, especially in the exports sector. The government recently said Malaysia had seen a decline in FDI over the past year, with foreign equity outflow of RM14.8 billion between May and July partly due to market uncertainties and contraction in the global economy. "At the same time as we see certain tariffs placed on Chinese products, there would then be a reshuffling of the supply chain to take productions out of China and move it to other countries including Malaysia," he said on a panel at the Business Foresight Forum 2018 organised by the Securities Commission Malaysia earlier.

Citing recent reports on BMW moving some of its production of the X5 sports utility vehicle to Thailand that would otherwise have been exported from a plant in South Carolina, US to Chinese customers, he noted that similar moves could happen regionally as well including Malaysia. ADB said it has maintained its economic growth forecast for Malaysia at 5.3% for 2018 and 5% for 2019. (The Edge Market)

**Dr M: Japanese Car Companies Consulted for Third National Car Project**

Assistance has been sought from Japanese automakers for the third national car project, says Tun Dr. Mahathir Mohamad. According to a report in the Nikkei Asian review, these automakers include Nissan Motor and Toyota Motor. Speaking to reporters on Tuesday (Aug 7) during a four-day visit to the city of Fukuoka in Japan, the Prime Minister said accessing Japanese automotive expertise would be "essential" to manufacturing cars to modern standards. "Some members of my delegation will be visiting Daihatsu, but we have one company (that) has written to Nissan and Toyota to seek cooperation with them," said the 93-year-old, omitting the company's name. In his earlier speech to a group of high school students attending the Japan Future Leaders School summer camp, Dr Mahathir described environmentally friendly electric cars as the choice of the future. According to Nikkei Asian, some market players insist Malaysia's annual vehicle sales of just under 600,000 units do not represent the economies of scale needed for production. (The Star)

**Asia China Imports Jump, Exports Robust as Trade War Yet to Take Toll**

China's exports grew faster than expected, while imports surged, showing both domestic and international demand continue to shrug off the uncertainty of the trade conflict with the U.S. Exports rose 12.2% in July in dollar terms from a year earlier, faster than the forecast 10%. Imports climbed 27.3%, leaving a trade surplus of \$28 billion. As the world's largest exporter, China is still benefiting from robust global demand, but increasing tensions and rising trade barriers with the U.S. are weighing on the outlook. Although most of the threatened tariffs still haven't gone into effect yet, the two remain locked in an escalating tit for tat exchange of threats, signaling worse is to come. The Chinese government last week announced its list of \$60 billion worth of U.S. goods it will hit with higher import taxes should the U.S. follow through on a plan to impose duties on an additional \$200 billion of Chinese goods. That follows a previous round, where each side imposes tariffs on \$34 billion of imports, with promises of \$16 billion more.

China's exports to the U.S. in July rose to \$41.5 billion, making up 19.3% of its total shipments. The trade surplus with the U.S. stood at \$28.1 billion, close to the record-high in June. In the meantime, imports volume of coal, oil, iron ore, and natural gas all increased in July. Imports from Australia, Russia, South Korea and Japan all surged last month. (Bloomberg)

### **BOJ Summary Shows Members Differ Over 10-Year Yield Range**

A summary of opinions of the Bank of Japan's policy makers at its recent board meeting released Wednesday showed some members favor a slightly different range for the 10-year Japanese government bond yield target. "It is appropriate to bear in mind that the long-term yields may move upward and downward at about double the range of around plus or minus 0.1%," one of the BOJ's nine policy board members said, according to the summary of the board's meeting on July 30-31. The comment was in line with Gov. Haruhiko Kuroda's remark after the meeting that the bank would let the 10-year yield rise as high as 0.2%. In its policy statement, however, the BOJ only said "yields may move upward and downward to some extent mainly depending on developments in economic activity and prices" and didn't mention any specific figures.

The meeting summary showed that one member said the 10-year yield could move upward and downward by around 0.25%, while another member said allowing a wider range may lead to an increase in real interest rates and weaken prices. (WSJ)

### **Japan Current Account Surplus ¥1.175 Trillion**

Japan had a current account surplus of 1.175 trillion yen in June, the Ministry of Finance said. That was shy of expectations for 1.222 trillion yen and down from 1.938 trillion yen in May. The trade balance reflected a surplus of 820.5 billion yen, missing forecasts for 822.0 billion yen following the 303.8 billion yen deficit in the previous month. The adjusted current account surplus was 1.762 trillion yen, shy of expectations for 1.866 trillion yen and down from 1.850 trillion yen a month earlier. (RTT)

### **Other news in Japan:**

- Overall bank lending in July was up 2.0% on year in July, the Bank of Japan said on Wednesday - coming in at 526.621 trillion yen. That follows the 2.2% gain in June. (RTT)
- A measure of peoples' assessment of the Japanese economy weakened more-than-expected in July to the lowest level in nearly two years, survey figures from the Cabinet Office showed. The current index of Economy Watchers' survey dropped to 46.6 in July from 48.1 in June. The index was forecast to fall to 47.8. Moreover, this was the lowest score since September 2016, when it marked 46.3. (RTT)

### **RBA's Lowe Sees Inflation Reaching Target in 2020, Rates on Hold**

Australian central bank chief Philip Lowe said inflation is expected to reach the 2.5% target midpoint in 2020 and the interest-rate outlook is unchanged. "We see reasonable prospects that the economy will record good growth, the unemployment rate will come down gradually and that inflation will increase over time," Lowe said in the text of a speech Wednesday. "If this is how things evolve, you could expect the next move in interest rates to be up, not down," he said, reiterating there was no strong case for a near-term change to policy. In his speech, Lowe mounted a strong defense of the nation's immigration program and its role in supporting economic growth. Citing the population hitting 25 million on Tuesday, the governor noted that Australia's median age of 37 is one of the youngest among advanced economies. More than 80% of net overseas migration has been accounted for by people under the age of 35, he said. (Bloomberg)



### Australia Housing Finance Falls More-than-Expected

The total number of owner occupied housing commitments in Australia decreased at a faster-than-expected pace in June, after rising in the previous month, figures from the Australian Bureau of Statistics showed. On a seasonally adjusted basis, total number of owner occupied dwelling commitments dropped 1.1% month-over-month in June, reversing a 1.0% increase in May. That was just above the 1.0% fall economists had forecast. The value of owner occupied housing commitments, excluding alternations and additions, declined 1.6%. Similarly, the total value of investment housing commitments slid 2.7% in June. (RTT)

### *United States* U.S. to Impose Tariffs on Another \$16 Billion in Chinese Imports

The Trump administration completed plans to impose new tariffs on \$16 billion in Chinese imports to punish Beijing for its trading practices, bringing the total value of products covered by the duties to \$50 billion by the end of the month. The move was widely expected, as the administration had already announced plans to impose the tariffs and held public hearings on the 10-page list of products it was considering subjecting to the levies. In response to comments from businesses that might be affected by the measures, the U.S. Trade Representative's office made slight adjustments to the original list, removing five items and leaving 279 products—mainly chemicals and electronic parts—still subject to the tax.

The trade office also announced that the penalties would take effect Aug. 23. China has already announced plans to retaliate with tariffs of an equivalent amount on U.S. goods, once this latest round takes effect. Beijing did the same immediately after the Trump administration imposed 25% penalties on \$34 billion worth of imports in early July. And both sides have signaled that the trade spat will get much bigger in the coming weeks, with no signs of truce talks. Trump trade officials recently unveiled a much longer list of imports totaling \$200 billion that they are considering for 25% tariffs, and will hold public hearings on that roster later this month. The Chinese government Friday unveiled its own list of \$60 billion in U.S. products it would start taxing should the Trump administration move forward with that plan. (WSJ)

### US-China Trade War Could Spill Over into Services

The US-China trade battle could spill over into services as China is running out of room to retaliate on goods, according to S&P Global Ratings. China's recent threat to impose tariffs of 5% to 25% on a further \$60 billion worth of U.S. goods (5,207 product lines) means that, together with the \$50 billion of goods already announced, about 85% of its American imports (totaling \$130 billion in 2017) could be taxed. The threat is in response to the Trump administration last week announcing that it may increase its proposed tariff rate on Chinese imports valued at about \$200 billion to 25% from 10%. Together with the previously-announced tariffs on \$50 billion of Chinese imports, the total amount of \$250 billion represents about 50% of the value of China's annual exports to the U.S. in 2017. "With China running out of room to retaliate on goods (i.e., 85% versus 50% coverage), China could opt to pursue non-tariff actions affecting services and investments from the U.S.," said S&P Global Ratings analyst David Teshler. The U.S. has a net services surplus with China. A retaliation that spilled over into services could hurt U.S. sectors that rely on China's expanding import market for growth. (The Star)

### Trump's 'Great Deal' With South Korea Jeopardized by Car Tariff Dispute

South Korea is threatening to block a revised free-trade agreement with the U.S. unless its cars win an exemption from proposed American tariffs, putting at risk the only free-trade deal the Trump administration has successfully renegotiated. The renewed economic tension between the two military allies comes four and a half months after they said they had agreed in principle on a revision to their six-year-old free-trade agreement. President Donald Trump, who described the original agreement as a "horror show," said in a tweet the revision was a "great deal." The revised terms focused on reducing the U.S. trade deficit, allowing the U.S. to keep its 25% import tariff on South Korean pickup trucks in place for 20 more years—through 2041—and easing Seoul's safety rules to help American cars get better access to the South Korean market.

South Korea also agreed to a quota on steel exports to the U.S. that capped them at 70% of its annual average for the past three years. Now the deal is in jeopardy because Mr. Trump subsequently threatened to impose tariffs of up to 25% on auto and auto-parts imports on national-security grounds under Section 232 of a 1962 trade law. (WSJ)

#### Share Buy-Back: 08 August 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
ANALABS	71,000	2.80/2.79	2.80/2.78	4,688,600
CHINHIN	117,600	0.78	0.78/0.775	6,320,000
CMSB	100,000	3.19/3.16	3.19/3.16	3,969,700
DAIBOCI	2,000	2.03	2.03	548,100
HAIO	11,400	4.34/4.30	4.35/4.27	9,525,688
KENANGA	95,400	0.77	0.77	12,447,900
PANSAR	20,000	0.85	0.86/0.845	50,000
SYSCORP	45,000	0.35/0.345	0.35/0.33	21,278,600
YILAI	13,400	0.74	0.74	13,959,208
YTLPOWR	8,085,300	1.23/1.21	1.24/1.19	450,545,012

Source: Bursa Malaysia

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**Kaladher Govindan – Head of Research**

TA SECURITIES HOLDINGS BERHAD (14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048  
www.ta.com.my

**SNAPSHOT OF STOCKS UNDER COVERAGE**

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
<b>AUTOMOBILE</b>																	
BAUTO	2.15	2.64	22.8%	Buy	2,498	0.53	12.1	17.5	17.8	12.3	4.8	5.7	2.44	-11.9	1.82	18.3	-1.1
MBMR	2.39	3.19	33.5%	Buy	934	0.57	31.4	31.9	7.6	7.5	3.3	3.3	2.68	-10.8	2.01	18.9	8.6
PECCA	0.85	1.30	53.8%	Buy	155	1.00	6.4	7.7	13.3	10.9	7.1	7.1	1.65	-48.8	0.78	8.3	-45.5
SIME	2.61	2.97	13.8%	Buy	17,750	1.49	13.2	16.4	19.8	15.9	1.3	1.6	3.06	-14.7	2.03	28.8	18.1
UMW	6.10	5.45	-10.7%	Sell	7,127	0.82	28.4	39.3	21.5	15.5	2.3	3.3	6.98	-12.6	4.70	29.8	17.3
<b>BANKS &amp; FINANCIAL SERVICES</b>																	
ABMB	4.19	4.30	2.6%	Hold	6,487	0.91	31.9	34.9	13.2	12.0	3.7	3.8	4.49	-6.7	3.62	15.7	2.7
AFFIN	2.55	2.50	-2.0%	Sell	4,955	0.81	25.5	26.8	10.0	9.5	3.1	3.1	2.70	-5.6	2.22	14.8	10.4
AMBANK	4.05	3.80	-6.2%	Sell	12,207	1.30	37.6	41.5	10.8	9.8	3.7	4.4	4.90	-17.3	3.40	19.1	-8.2
CIMB	5.92	6.30	6.4%	Buy	55,446	1.57	52.2	55.5	11.3	10.7	4.4	4.7	7.39	-19.9	5.21	13.6	-9.5
HLBANK	19.36	21.80	12.6%	Buy	39,603	0.88	129.2	146.1	15.0	13.3	2.5	2.5	20.02	-3.3	14.90	29.9	13.9
MAYBANK	9.90	9.60	-3.0%	Buy	108,214	1.08	71.4	75.7	13.9	13.1	5.6	5.6	11.08	-10.6	8.68	14.1	1.0
PBBANK	24.32	25.80	6.1%	Hold	94,414	0.83	152.5	165.6	16.0	14.7	2.6	2.7	25.78	-5.7	19.90	22.2	17.0
RHBBANK	5.45	5.30	-2.8%	Sell	21,855	1.33	54.3	59.0	10.0	9.2	2.8	2.8	5.88	-7.3	4.71	15.7	9.0
BURSA	7.83	8.07	3.1%	Sell	6,323	0.87	29.2	30.0	26.8	26.1	3.1	3.1	8.20	-4.5	6.31	24.0	16.1
<b>BUILDING MATERIALS</b>																	
ANNJOO	2.12	2.47	16.5%	Buy	1,138	1.71	32.2	35.1	6.6	6.0	7.3	8.5	3.98	-46.7	1.63	30.1	-45.1
CHINHIN	0.78	0.82	5.8%	Hold	426	1.31	6.9	9.2	11.3	8.4	3.9	5.2	1.36	-43.0	0.73	6.2	-36.0
CMSB	3.17	3.80	19.9%	Buy	3,396	1.56	21.3	22.6	14.9	14.0	2.7	2.9	4.42	-28.3	1.74	82.2	-18.7
CSCSTEL	1.33	1.41	6.0%	Hold	491	0.90	15.8	17.0	8.4	7.8	6.3	6.8	1.84	-27.7	1.27	4.7	-13.6
ENGTEX	1.16	1.29	11.2%	Buy	505	0.98	12.9	15.3	9.0	7.6	1.7	2.6	1.27	-8.7	0.95	22.1	5.5
<b>CONSTRUCTION</b>																	
GADANG	0.76	0.97	27.6%	Buy	503	1.46	16.0	14.5	4.8	5.2	3.9	3.9	1.32	-42.4	0.64	18.8	-31.5
GAMUDA	3.85	4.08	6.0%	Buy	9,502	1.07	34.3	35.5	11.2	10.9	3.1	3.1	5.45	-29.4	3.00	28.3	-22.4
GDB	0.40	0.52	31.6%	Buy	247	na	4.6	5.2	8.5	7.6	3.0	3.8	0.45	-12.2	0.28	43.6	33.9
IJM	1.99	1.73	-13.1%	Sell	7,225	1.22	9.6	15.7	20.7	12.7	3.0	3.0	3.46	-42.5	1.60	24.4	-34.8
KAB	0.25	0.37	51.0%	Buy	78	na	3.1	3.7	7.9	6.6	4.1	4.9	0.33	-25.8	0.20	22.5	-18.3
PESONA	0.28	0.29	5.5%	Hold	191	1.11	3.0	3.9	9.0	7.1	5.5	5.5	0.65	-57.7	0.26	7.8	-38.9
SENDAI	0.89	0.70	-20.9%	Sell	691	1.24	9.9	8.7	9.0	10.1	1.1	1.1	1.16	-23.7	0.68	30.1	2.3
SUNCON	1.98	1.71	-13.6%	Sell	2,559	0.99	12.7	14.2	15.6	13.9	4.0	4.5	2.64	-25.0	1.72	15.1	-21.1
WCT	1.00	1.02	2.0%	Buy	1,381	0.87	10.6	10.9	9.4	9.2	3.0	3.0	1.90	-47.4	0.70	43.9	-38.3
LITRAK	4.52	5.01	10.8%	Buy	2,386	0.21	43.3	47.1	10.4	9.6	5.5	5.5	6.00	-24.7	3.63	24.5	-18.6
<b>CONSUMER</b>																	
<i>Brewery</i>																	
CARLSBG	19.58	20.65	5.5%	Buy	6,023	0.53	89.3	93.2	21.9	21.0	4.5	4.7	20.88	-6.2	14.48	35.3	28.7
HEIM	23.04	23.11	0.3%	Hold	6,960	0.49	95.2	103.5	24.2	22.3	4.0	4.4	24.02	-4.1	17.30	33.2	21.9
<i>Retail</i>																	
AEON	2.20	2.53	15.0%	Hold	3,089	0.38	7.9	9.2	28.0	23.9	2.0	2.3	2.65	-17.0	1.45	51.7	25.0
AMWAY	7.55	8.47	12.2%	Buy	1,241	0.61	35.6	37.5	21.2	20.1	4.6	4.9	8.52	-11.4	6.97	8.3	3.3
F&N	38.06	30.69	-19.4%	Sell	13,951	0.56	96.0	114.0	39.7	33.4	1.8	2.0	39.98	-4.8	23.40	62.6	41.0
HUPSENG	1.10	1.25	13.6%	Buy	880	0.55	5.8	6.2	18.9	17.8	5.5	5.5	1.21	-9.1	1.02	7.8	0.9
JOHOTIN	1.05	1.02	-2.9%	Hold	326	1.07	8.1	8.5	12.9	12.4	5.7	6.2	1.62	-35.2	0.89	18.0	-13.2
NESTLE	148.28	129.90	-12.3%	Sell	34,753	0.53	322.2	360.2	46.0	41.1	2.0	2.2	163.00	-9.1	83.72	77.0	43.6
PADINI	6.01	5.77	-4.0%	Sell	3,954	0.72	25.6	29.1	23.5	20.6	2.1	2.2	6.20	-3.1	3.78	59.0	14.1
POHUAT	1.50	1.83	22.0%	Buy	330	0.58	20.1	23.1	7.5	6.5	4.0	5.3	2.07	-27.5	1.15	30.4	-16.2
QL	5.99	5.42	-9.5%	Sell	9,718	0.70	12.7	14.0	47.1	42.8	0.8	0.8	6.10	-1.8	3.71	61.6	37.7
SIGN	0.58	0.92	58.6%	Buy	131	0.90	6.6	8.7	8.8	6.6	4.3	6.0	0.97	-39.9	0.48	20.8	-17.7
<i>Tobacco</i>																	
BAT	34.18	28.29	-17.2%	Sell	9,759	1.14	152.7	148.0	22.4	23.1	4.1	4.1	44.70	-23.5	22.46	52.2	-14.6
<b>GAMING</b>																	
<i>Casino</i>																	
GENTING	8.70	11.23	29.1%	Buy	33,341	0.96	58.9	66.7	14.8	13.0	1.8	1.8	9.90	-12.1	8.30	4.8	-4.7
GENM	5.30	6.01	13.4%	Buy	29,980	1.23	29.7	36.7	17.8	14.5	2.3	2.5	6.08	-12.9	4.59	15.5	-4.4
<i>NFO</i>																	
BJTOTO	2.28	3.15	38.2%	Buy	3,071	0.67	19.6	37.4	11.6	6.1	7.0	11.4	2.62	-13.0	2.06	10.7	1.8
<b>HEALTHCARE</b>																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.20	1.52	26.7%	Buy	794	0.44	6.8	7.5	17.6	16.1	3.8	4.1	1.49	-19.5	0.84	42.1	10.7
IHH	5.96	6.60	10.7%	Hold	49,139	0.62	11.9	12.3	50.2	48.6	0.5	0.5	6.42	-7.2	5.42	10.0	1.7
KPJ	1.10	1.14	3.6%	Buy	4,628	0.60	4.0	4.4	27.7	25.0	2.0	2.2	1.15	-4.3	0.84	31.0	13.4
<i>Rubber Gloves</i>																	
HARTA	6.34	4.90	-22.7%	Sell	21,052	0.96	11.8	14.6	53.6	43.4	1.5	1.5	6.64	-4.5	3.19	98.7	18.7
KOSSAN	4.45	4.88	9.7%	Buy	5,691	0.55	15.9	18.1	28.1	24.6	1.4	1.6	4.72	-5.7	3.19	39.5	9.7
SUPERMX	4.34	4.75	9.4%	Hold	2,846	0.50	20.0	22.6	21.7	19.2	1.8	2.0	4.61	-5.9	1.69	156.8	117.0
TOPGLOV	10.28	12.91	25.6%	Buy	13,139	0.09	35.6	41.8	28.9	24.6	1.4	1.8	12.48	-17.6	5.33	92.9	28.7
KAREX	0.80	0.54	-32.1%	Sell	797	0.62	1.3	1.8	59.2	44.2	0.4	0.6	1.67	-52.4	0.50	59.0	-38.8
<b>INDUSTRIAL</b>																	
SCIENTX	8.19	7.00	-14.5%	Sell	4,004	0.78	54.8	57.5	15.0	14.2	2.2	2.3	9.85	-16.9	6.51	25.8	-5.4
SKPRES	1.48	2.20	48.6%	Buy	1,850	1.02	10.2	11.7	14.6	12.6	3.5	4.0	2.35	-37.0	1.33	11.3	-35.1
<b>MEDIA</b>																	
ASTRO	1.95	1.65	-15.4%	Hold	10,167	1.11	12.4	13.8	15.7	14.1	6.4	6.4	2.94	-33.7	1.31	48.9	-26.4
MEDIA PRIMA	0.56	0.38	-31.5%	Sell	616	0.88	-6.0	-4.2	na	na	0.0	0.0	0.90	-38.3	0.25	122.0	-27.0
STAR	1.19	1.20	0.8%	Hold	878	0.98	6.3	5.9	19.0	20.1	7.6	7.6	2.22	-46.3	1.00	19.0	-27.9

**SNAPSHOT OF STOCKS UNDER COVERAGE**

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
<b>OIL &amp; GAS</b>																	
DNEX	0.41	0.63	55.6%	Buy	712	1.61	4.4	4.6	9.2	8.7	2.5	2.5	0.57	-28.9	0.31	32.8	-16.5
LCTITAN	5.18	6.59	27.2%	Buy	11,774	na	44.5	51.6	11.6	10.0	3.3	3.9	6.46	-19.8	4.31	20.2	10.2
MHB	0.73	0.78	7.6%	Sell	1,160	1.45	-5.6	0.4	na	168.1	0.0	0.0	0.98	-26.0	0.63	16.0	-12.1
MISC	6.46	5.73	-11.3%	Sell	28,836	0.92	33.1	40.9	19.5	15.8	4.6	4.6	7.90	-18.2	5.03	28.4	-12.9
PANTECH	0.52	0.64	23.1%	Hold	387	1.00	6.3	6.9	8.2	7.5	4.8	5.2	0.74	-29.7	0.50	4.0	-19.4
PICHEM	9.04	9.05	0.1%	Hold	72,320	0.74	54.3	54.3	16.6	16.6	3.0	3.1	9.16	-1.3	6.95	30.1	17.4
SAPNRG	0.60	0.85	42.9%	Buy	3,565	2.25	-5.0	-2.2	na	na	0.0	0.0	1.75	-66.0	0.40	50.6	-16.2
SERBADK	3.90	4.72	21.0%	Buy	5,727	na	27.5	31.4	14.2	12.4	2.3	2.6	4.00	-2.5	1.87	108.6	20.4
VELESTO	0.30	0.35	18.6%	Buy	2,424	1.96	0.3	1.0	90.7	29.9	0.0	0.0	0.48	-38.5	0.22	37.2	-3.3
UZMA	1.14	1.47	28.9%	Buy	365	1.27	19.8	12.9	5.8	8.9	0.0	0.0	1.67	-31.7	0.93	23.2	-10.9
<b>PLANTATIONS</b>																	
FGV	1.71	1.76	2.9%	Buy	6,238	1.71	1.8	1.5	97.0	114.0	2.9	2.9	2.18	-21.6	1.45	17.9	1.2
IJMPLNT	2.38	1.84	-22.7%	Sell	2,096	0.41	7.9	7.1	30.2	33.4	2.1	2.1	3.12	-23.7	2.08	14.4	-13.1
IOICORP	4.69	5.06	7.9%	Buy	28,639	0.83	19.0	19.6	24.7	23.9	5.6	3.3	4.81	-2.5	4.21	11.5	5.9
KFIMA	1.72	1.98	15.1%	Buy	485	0.68	14.5	12.9	11.8	13.4	5.2	5.2	1.89	-9.0	1.44	19.4	9.6
KLK	24.66	23.75	-3.7%	Sell	26,262	0.58	93.1	100.9	26.5	24.4	2.0	2.0	25.98	-5.1	23.26	6.0	-1.4
SIMEPLT	5.31	5.84	10.0%	Buy	36,112	na	19.6	18.5	27.1	28.7	2.6	2.8	6.00	-11.5	4.58	15.9	-11.5
TSH	1.24	1.09	-12.1%	Sell	1,712	0.43	9.3	9.6	13.3	12.9	1.9	2.0	1.73	-28.3	1.12	10.7	-24.8
UMCCA	6.25	5.59	-10.6%	Sell	1,311	0.42	18.2	19.8	34.3	31.5	1.9	2.4	7.08	-11.7	5.85	6.8	-4.0
<b>PROPERTY</b>																	
GLOMAC	0.44	0.50	13.6%	Hold	349	0.51	1.5	2.5	30.3	17.5	3.4	3.4	0.63	-29.9	0.43	2.3	-20.7
HUAYANG	0.49	0.50	3.1%	Hold	171	0.70	1.3	2.2	38.8	21.9	0.0	0.0	0.86	-43.3	0.44	10.2	-20.5
IBRACO	0.36	0.58	63.4%	Hold	176	na	4.6	7.7	7.8	4.6	5.6	5.6	0.92	-61.2	0.26	36.5	-56.4
IOIPG	1.90	1.87	-1.6%	Buy	10,462	0.84	14.9	14.7	12.8	13.0	3.2	3.2	2.17	-12.4	1.47	29.3	2.7
MAHSING	1.24	1.22	-1.6%	Buy	3,010	1.05	9.4	9.6	13.1	12.9	4.0	4.0	1.60	-22.5	0.98	26.5	-14.5
SIMEPROP	1.36	1.28	-5.9%	Hold	9,249	na	6.1	5.3	22.2	25.6	2.9	2.2	1.78	-23.6	1.04	30.8	-23.6
SNTORIA	0.50	0.73	46.0%	Buy	279	0.69	8.3	8.7	6.0	5.7	2.0	2.0	0.77	-35.3	0.49	2.0	-28.1
SPB	4.14	4.11	-0.7%	Sell	1,423	0.62	18.7	23.4	22.1	17.7	2.9	2.9	5.50	-24.7	4.05	2.2	-15.5
SPSETIA	3.02	3.23	7.0%	Hold	11,781	1.12	16.1	18.1	18.7	16.7	4.0	4.0	4.00	-24.5	2.77	9.0	-24.5
SUNWAY	1.55	1.65	6.5%	Hold	7,538	0.85	11.8	12.5	13.1	12.4	3.9	3.9	1.96	-20.9	1.44	7.6	-4.9
<b>REIT</b>																	
SUNREIT	1.72	1.87	8.7%	Hold	5,066	0.78	10.0	10.7	17.1	16.1	5.8	6.2	1.90	-9.5	1.48	16.2	-9.5
CMMT	1.18	1.48	25.4%	Buy	2,408	0.57	7.9	8.4	14.9	14.1	6.9	7.3	1.83	-35.5	0.98	20.4	-35.5
<b>POWER &amp; UTILITIES</b>																	
MALAKOF	0.98	0.85	-13.3%	Sell	4,817	1.07	5.8	6.7	16.8	14.6	7.1	7.1	1.17	-16.2	0.83	18.8	0.0
PETDAG	26.84	24.13	-10.1%	Sell	26,664	0.76	114.1	114.9	23.5	23.4	3.2	3.2	28.18	-4.8	20.81	29.0	11.6
PETGAS	19.20	20.23	5.4%	Buy	37,992	0.89	99.3	100.0	19.3	19.2	3.6	3.6	19.50	-1.5	15.82	21.4	9.8
TENAGA	15.58	16.10	3.3%	Buy	88,466	0.82	128.8	128.0	12.1	12.2	4.1	4.1	16.34	-4.7	13.54	15.1	2.1
YTLPOWR	1.21	0.78	-35.5%	Hold	9,336	0.81	7.6	8.0	15.9	15.2	4.1	4.1	1.40	-13.7	0.73	65.8	-6.2
<b>TELECOMMUNICATIONS</b>																	
AXIATA	4.55	6.05	33.0%	Buy	41,267	1.80	11.9	15.7	38.2	29.1	2.2	2.9	5.82	-21.8	3.76	21.0	-17.1
DIGI	4.79	5.15	7.5%	Buy	37,242	0.95	19.6	20.2	24.4	23.7	4.1	4.2	5.10	-6.1	3.93	21.9	-6.1
MAXIS	5.75	5.90	2.6%	Hold	44,946	0.98	24.4	24.1	23.5	23.8	3.5	3.5	6.14	-6.4	5.21	10.4	-4.3
TM	3.74	3.30	-11.8%	Sell	14,055	1.44	16.8	14.8	22.2	25.3	5.1	5.1	6.50	-42.5	3.00	24.7	-40.6
<b>TECHNOLOGY</b>																	
<i>Semiconductor &amp; Electronics</i>																	
ELSOFT	2.73	3.30	20.9%	Buy	754	0.58	13.1	14.9	20.9	18.3	3.4	3.8	2.85	-4.2	2.22	23.0	1.1
INARI	2.46	2.45	-0.4%	Under Review	7,743	0.46	8.2	10.3	29.9	23.8	2.4	3.0	2.55	-3.4	1.50	64.3	8.5
MPI	11.22	11.50	2.5%	Under Review	2,232	0.72	69.5	79.8	16.1	14.1	2.9	2.9	14.52	-22.7	7.57	48.2	-11.1
UNISEM	2.60	2.75	5.8%	Buy	1,890	0.96	13.2	18.7	19.6	13.9	4.2	4.2	4.15	-37.3	1.60	62.5	-28.8
<b>TRANSPORTATION</b>																	
<i>Airlines</i>																	
AIRASIA	3.55	3.15	-11.3%	Buy	11,864	0.88	28.3	28.6	12.5	12.4	22.5	2.3	4.75	-25.3	2.92	21.6	6.0
AIRPORT	9.51	8.79	-7.6%	Sell	15,779	0.89	33.8	35.7	28.2	26.7	1.6	1.1	9.98	-4.7	7.98	19.2	8.2
<i>Freight &amp; Tankers</i>																	
PTRANS	0.29	0.42	47.4%	Buy	394	na	2.2	3.4	12.9	8.4	3.5	3.6	0.38	-25.4	0.23	26.7	1.8
TNLOGIS	1.03	1.10	6.8%	Sell	470	0.91	10.0	9.7	10.3	10.6	0.0	3.9	1.79	-42.6	0.93	10.8	-23.1
WPRTS	3.86	3.78	-2.1%	Hold	13,163	0.55	15.6	20.0	24.7	19.3	3.0	3.9	3.95	-2.3	3.10	24.5	4.3

**SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE**

Company	Share Price (S\$)	Target Price (S\$)	% upside	Recom	Market Cap. (S\$m)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		% Chg YTD		
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg		Low Price	% Chg
<b>BANKS &amp; FINANCIAL SERVICES</b>																	
DBS	26.00	32.80	26.2%	Buy	66,638	1.24	212.4	246.0	12.2	10.6	3.5	3.5	30.8	-15.5	19.68	32.1	6.4
OCBC	12.00	14.50	20.8%	Buy	50,291	1.18	109.4	123.1	11.0	9.8	6.7	7.7	14.0	-14.5	10.83	10.8	-3.1
UOB	28.34	33.70	18.9%	Buy	47,281	1.18	229.5	255.2	12.4	12.4	2.8	2.8	30.4	-6.7	22.79	24.3	7.9
<b>PLANTATIONS</b>																	
WILMAR	3.21	3.27	1.9%	Hold	20,539	0.80	22.5	25.1	14.3	12.8	2.8	3.1	3.4	-6.7	2.97	8.1	3.9
IFAR	0.22	0.20	-7.0%	Sell	308	1.13	3.0	3.0	7.1	7.1	1.9	1.9	0.5	-55.2	0.21	2.4	-44.9

**BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.

**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

**SELL** : Total return is lower than the required rate of return.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

**Required Rate** of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.